



**MINUTES
UNIVERSITY OF NORTH ALABAMA
FOUNDATION BOARD**

Friday, March 13, 2020; 1:00 p.m.

The Guillot University Center – The Loft

CALL TO ORDER AND INVOCATION (Chair Harry Smith)

The meeting was called to order at 1:05 p.m. Chair Smith welcomed everyone and called on Chester McKinney for the invocation. Chair Smith recognized and congratulated the newly appointed Board of Trustees members, Nancy Sanford and Jim Page, whose terms will begin October 1, 2020. Chair Smith also recognized Weldon Cole for the recent approval by the Board of Trustees to name the Honors College the Delores and Weldon Cole Honors College.

Roll Call and Quorum (Mr. Kevin Haslam)

Present Members (19): Brad Botes, Larry Bowser, Joe Campbell, Weldon Cole, Kevin Haslam, Jeff Johnson, Ken Kitts, Chester McKinney, Cathy Miller, Melissa Long, Jim Page, Deborah Bell Paseur, Nancy Sanford, Harry Smith, Doug Tallman, Stephanie Teichmiller, Jason Thomas, Rusty Trapp, Tom White

Absent (18): Nelda Cambron-McCabe, Richard Cater, Sybil Cleveland, Tracy Doughty, Chuck Hunt, Steve Jager, David Marbury, Macke Mauldin, Derrick Mills, David Muhlendorf, Uhland Redd, Graham Sisson, Robert Steele, Evan Thornton, Will Trapp, Lucy Trousdale, William Cale, Robert Potts

Others Present (12): Michele Aycock, Brock Beck, Jason Cochran, Michelle Eubanks, Morgan Fowler, Laura Hamner, Leah Johnson, Erin Letson, Jason McNeal, Mitchel Moon, Gwen Patrick, Mary Ramey, Amanda Sherrod, Diana Taylor, Barbie Terry, Matt Treiber, Jeremy Woods

Mr. Kevin Haslam stated a quorum is present.

Approval of Minutes November 15, 2019 Meeting (Harry Smith)

Upon motion by Tom White and a second by Deborah Bell Paseur, the minutes of the November 15, 2019 meeting were unanimously approved.

UNIVERSITY PRESIDENT'S UPDATE

President Kitts began by introducing Jason (Jay) Cochran, Executive Director of Governmental Relations and Economic Development. Mr. Cochran was hired in December of 2019 to coordinate and increase awareness in Montgomery on Project 208. President Kitts also mentioned the current issue of COVID-19 and the actions the university is taking to protect faculty, staff, and students. University officials have been meeting regularly since January and following all CDC and Alabama Department of Public Health guidelines and advisories. Travel to any level two or three countries (exercising increased caution or reconsidering travel) as determined by the CDC has been banned. The university is working with any students, faculty, or staff that had study abroad plans for the spring and summer semesters to make necessary plans depending on timing and location. The current plan is for students to resort to all online classes the week of March 30 – April 3, which is the week after spring break. Enrollment is at a record 7,267 for the spring semester. While the progression of COVID-19 creates uncertainty regarding enrollment for the fall semester, particularly regarding travel and international students, early indicators for fall enrollment are positive. There has been a delay in the construction of the Harrison Hall storm shelter due to significant rainfall. Harrison Hall cannot be occupied until the storm shelter is complete. The goal completion date is August of this year. Regarding the fountain at Harrison Plaza, a response from the insurance company is needed before moving forward. The company which assisted with the original fountain has presented several proposals to include the original design but with more durable materials. The restoration goal is the beginning of the academic year. We are currently in year two of the four year transitional phase of moving to Division 1.

HIGHLIGHT (Mr. Jason Cochran, Executive Director, Governmental Relations and Economic Development)

Jason Cochran provided an update on Project 208 since the last Board of Trustees meeting in December 2019. In January, UNA hosted over 20 legislators over two meetings to provide an update on the University's current needs and requests for fiscal year 2021. On February 11, UNA hosted a dinner in Montgomery, AL for regional legislators to update them on Governor Ivey's recommendations for appropriations to the Education Trust Fund. Eighteen legislators attended this meeting. Since the state has seen significant economic growth over the past year, there is a considerable amount of new money in the budget for not only higher education, but also K-12 and two-year schools. Governor Ivey recommended UNA receive a 14.86% increase for fiscal year 2021, which is \$4,877,209. Compared to other universities, the average recommended increase is 5.29%. UNA has gained ground on the two universities closest in funding by over \$2.5 million. Governor Ivey and Chairman Bill Poole recognize UNA's need for additional increases above the average and have committed to providing those over time and when receipts in the Education Trust Fund permit. Two other pieces of legislation that have been introduced that seek to appropriate money to UNA for capital infrastructure are a supplemental appropriation for the Education Trust Fund Advancement and Technology Fund, and a \$1 billion bond bill. UNA's portion of the bond issue is \$8,201,366.

FOUNDATION UPDATE

Foundation Update (Mr. Kevin Haslam)

Mr. Haslam notified the board members of the conflict of interest forms to be signed as well as the departmental updates included with their materials. Mr. Haslam introduced Dr. Jason

McNeal, a consultant with Gonser Gerber, who discussed the process and preparation for the next campaign. Dr. McNeal presented the methodologies to gather data: internal program assessment, external market assessment, report and recommendations, and proposed campaign plans. The study timeline started with the University's strategic plan being approved and the Foundation's program assessment in October of 2019. January began the polishing of the campaign priorities, April will bring the external market assessment, the final report will be prepared and the campaign will be approved by September, and the campaign will officially begin in October of this year. Three goals of the campaign are to provide answers to research questions, educate and engage top prospects, and offer recommendations to strengthen engagement. Dr. McNeal's interviews with top donor prospects are not to be seen as a solicitation, but rather a research conversation based on the needs of UNA that will remain confidential. As a result of these interviews, the Foundation Board can expect answers and guidance on decision-making strategies, campaign plans based on the study, and clarity around the board's roles and responsibilities. Dr. McNeal invited questions and comments from the board.

(See Attachments: Advancement Update, Corporate Philanthropic Partners, Departmental Updates, Campaign Readiness Study)

Financial Review & Budget Review (Gwen Patrick)

Gwen Patrick provided a report of the Unrestricted Operating Budget vs. Actual Expenditures for Fiscal YTD as of January 31, 2020 as well as the Statement of Financial Position. Ms. Patrick pointed out the 1% endowment fee and fundraising items as well as certificates of deposit, pledges receivable, investments, and annuities. Ms. Patrick explained that the accounts payable is made up of what we owe the Sportsman Club. The Foundation manages their contributions and expenses, and since they are a separate corporation we show that as a liability.

(See attachments: Unrestricted Operating Budget vs. Actual Report, Statement of Financial Position)

COMMITTEE REPORTS

Executive Committee (Harry Smith, Chair)

Chair Harry Smith reported the Executive Committee met prior to the board meeting. Each committee chair reported on their meeting and discussed action items for the board meeting. The votes to be brought before the full board were discussed and voted upon in the committee meeting, and all items passed. Chair Smith announced the request from the President's Office to support the new sound system in Flowers Hall. Per the Budget, Finance, and Audit Committee, the Executive Committee recommended the amount of \$35,000 be presented to the full board for approval. Nancy Sanford motioned to approve, Weldon Cole seconded, and the motion passed unanimously.

Budget, Finance and Audit Committee (Ms. Cathy Miller, Vice Chair)

Vice Chair Cathy Miller reported that Jeremy Blackburn with CDPA presented the audit for September 30, 2019. There was one \$3,000 audit adjustment. The committee met with Mr. Blackburn without staff present as well. The committee approved the audit and presented it to the full board for approval. Vice Chair Miller motioned to approve the audit, Rusty Trapp seconded, and the motion carried unanimously. The Gift Acceptance Policy was reviewed with suggested

revisions to ensure consistency and simplicity for the donor. The policy was approved by the committee and presented it to the full board for approval. It will be recommended that the Gift Acceptance Policy will be thoroughly reviewed every five years by the committee and reviewed annually as necessary. Vice Chair Miller motioned to approve the Gift Acceptance policy, Deborah Bell Paseur seconded, and the motion carried unanimously.

(See attachment: Audit Acceptance, Gift Acceptance Policy)

Investment Committee (Rusty Trapp, Chair)

Chair Rusty Trapp reported that the market peaked on the 19th of February, but as of March 12th the market was down 23%. Mr. Trapp noted that MJ Bobyock and Mac Butcher from SEI reported \$85 billion, no debt, and \$600 million in cash. The portfolio through February was down 4.8%. Interest rates are at an all-time low. Self-assessments and a review of the Investment Policy will be held at the next meeting in July. The investment committee will receive best practices to cover the question on how to handle underwater endowments.

Development Committee (Jim Page, Chair)

Chair Jim Page reported that with 44% of the year elapsed, 88% of the dollar goal has been raised. UNA has moved to five separate giving days, and three have taken place: Leo & Una Giving Day, Founders' Day Giving Day, UNA Giving Day which have raised roughly \$27,000, \$32,000, and \$98,000 respectively. A data-scrub is underway to clean up information on alumni and friends of the university. Chair Page announced the newly developed "Women in Philanthropy," a signature initiative which will be led by UNA first lady Ms. Dena Kitts and co-chaired by Dr. Stephanie Teichmiller. There are currently 22 Derby Day sponsorships of the available 25, and Chair Page encouraged the board to purchase individual tickets, contribute live auction items, and help promote the event. In addition, a contingency plan may need to be in place in case of rescheduling due to Coronavirus and University adjustments.

Nominations Committee (Weldon Cole, Chair)

Chair Weldon Cole reported that the Foundation needs to have directors who are not only alumni but also have influence and affluence. Chair Cole stated that there were eight current board members whose second term expires in 2020 that are not eligible for an additional term, according to the bylaws. Also, board members Jim Page and Nancy Sanford have been selected to serve on the UNA Board of Trustees and will have their terms end in 2020 as well. Chair Cole reminded the board that Jamie Kiel and David Sunseri were elected by unanimous vote by the full Board at the November 15, 2019 meeting. Therefore, we will still have eight vacancies on the board beginning the 2021 fiscal year. The committee has selected two candidates, one male and one female, that will be presented to the board in July. Nancy Sanford encouraged the board to provide any suggestions for potential nominees.

(See attachments: Foundation Board of Directors Term List)

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

There was no new business to discuss.

The next board meeting will be July 24, 2020.

CONSIDERATION OF MOTION TO ADJOURN

Being no other business to come before the board, Chair Harry Smith adjourned the meeting at 2:42 p.m.

Chair, Board of Directors	Date
Secretary, Board of Directors	Date

Attachments (9): Advancement Update
 Corporate Philanthropic Partners
 Departmental Updates
 Campaign Readiness Study
 Unrestricted Operating Budget vs. Actual Report
 Statement of Financial Position
 Audit Acceptance
 Gift Acceptance Policy
 Foundation Board of Directors Term List



**UNIVERSITY
ADVANCEMENT**

University of NORTH ALABAMA

**Advancement Update
March 13, 2020**

Items of significance that have occurred since the November 15th Foundation Board Meeting:

Noah Daniel Bishop (Son of Amy and Daniel Bishop) was born on Saturday, February 15th at 2:42 p.m.

End of Year giving - between December 18, 2019 – January 3, 2020 – we received:

- Received 111 new gifts
- Received \$264,871.15 in new cash/pledges
 - This excludes the \$25,719.74 in pledge payments that were also processed.

On January 13, 2020 we had our 2nd of 5 Giving Days, Founders' Day Giving Day. This resulted in:

- 69 donors
- 77 gifts
- \$32,903.50 for the 1830 Fund

Developed and launched the Corporate Philanthropy Partner program. Please see attached.

- Secured a \$50,000 gift through this program on February 21, 2020.

In collaboration with UNA Athletics, developed and launched **CHAMPIONS OF THE PRIDE**, the philanthropic arm of UNA Athletics. Please see attached.

- The FY20 and FY21 focus is on donor acquisition.
- The FY20 and FY21 goals:
 - At least one CHAMPION OF THE PRIDE in every state.
 - At least 500 CHAMPIONS OF THE PRIDE in Alabama.
 - At least 1,000 CHAMPIONS OF THE PRIDE overall.
- 36,895 appeals dropped in the mail on February 24, 2020.
- If we achieve a 1% ROI, we will acquire 368 donors and \$36,800 in gifts.

Developed and launched an Alumni Relations brochure encouraging and empowering alumni to connect to UNA in whatever manner is most meaningful to them. Please see attached.

- 34,994 appeals dropped in the mail on February 24, 2020.
- If we achieve a 1% ROI, we will acquire 349 donors.

On March 6, 2020, the Board of Trustees officially approved two namings based on gifts and commitments received:

- The Delores and Weldon Cole Honors College
- The Jeff Eubanks Culinary Arts Program

Upcoming Activities:

- March 10, 2020, UNA Giving Day
 - Alumni and friends will be encouraged to give to their area of passion at UNA.
 - The UNA Foundation is using this opportunity to educate others about philanthropy.
 - Theme = Your Passion. Your Philanthropy. Every Gift. Every Giver. Matters.
- May 2, 2020, Derby Day



Office of
UNIVERSITY ADVANCEMENT

Become a Corporate Philanthropy Partner

The Corporate Philanthropy Partners program – a partnership between community and business leaders and the UNA Foundation – provides gifts that will empower the University of North Alabama to achieve the highest levels of excellence.

Why Partner With Us?

Becoming a member of the Corporate Philanthropy Partners program is an investment that will showcase your company's role as a leader in the community. In becoming a member of the Corporate Philanthropy Partners program, you are partnering with the senior leadership of the University of North Alabama to meet the University's greatest needs and emerging priorities.

Partnerships can be customized to your organization's philanthropic priorities and offer prestigious benefits, which may include:

Recognition in Foundation publications and on a Donor Recognition Wall in the University of North Alabama Administration building.

- Two versions of the UNA Magazine – electronic and printed
- Annual Report

A presence on our website and at various events.

- Donors of Distinction Dinner
- Alumni Summit
- Lions Under the Lights

Annual sharing of our list of Corporate Partners with all University of North Alabama Board of Trustees members and UNA Foundation Board of Directors.

Our Corporate Partners also receive invitations to special events and networking opportunities.

- Donors of Distinction Dinner
- Alumni Summit
- President's Celebration of the Season
- Various Athletic Events

Corporate Philanthropy Partners Program Levels

There are four annual giving levels:

Diamond \$50,000 and above

Gold \$30,000 to \$49,999

Silver \$15,000 to \$29,999

Bronze \$5,000 to \$14,999

Through your company's generous support, the University of North Alabama can continue to provide an excellent, innovative education, world-class faculty, and maintain our beautiful campus.

For more information, please contact Kevin Haslam, Vice President for University Advancement, at 256.765.4757 or khaslam@una.edu.

Thank you for thoughtfully considering making a significant difference by partnering with the University of North Alabama.

Alumni Relations | Communications and Marketing | Development | Financial and Database Services

UNA Box 5113, Florence, AL 35632-0001 | P: 256.765.4670 | una.edu/advancement

Equal Opportunity / Equal Access Institution



University of
NORTH ALABAMA

FOUNDATION

Alumni Relations

The Office of Alumni Relations has been working effectively to set and establish measurable goals and outcomes for the purpose of connecting alumni and friends in 2020.

Here are the following goals that have been accomplished since the previous Foundation Board of Directors meeting:

- The Alumni Relations website received a Bronze Award by (CASE) Council for Advancement and Support of Education. The new alumni website was designed by UNA Web Developer Jeremy Woods and Assistant Web Assistant Matt Treiber in the Office of Communications and Marketing.
- The Central Mississippi Alumni Club reached their goal of fully funding the club's \$25,000 endowment scholarship goal.
- The National UNA Alumni Association hosted their first inaugural board retreat on February 8th at the University of North Alabama campus.
- Homecoming 2020 has been rescheduled for October 31. UNA will host Gardner-Webb University at 3:00 p.m. at Braly Stadium. The Homecoming theme is *Spirit of the Pride*..
- The Student Alumni Association (SAA) has been relaunched under the Office of Alumni Relations and confirmed by the Office of Student Engagement as a Distinguished University Service Organization.
- To help identify and keep track of alumni engagement and volunteers a "Get Involved" link has been added to the alumni website.
- Director of Alumni Relations Bishop Alexander has been meeting with various campus partners this semester to create opportunities for alumni to get involved with their alma mater. Some of these partnerships include the UNA Career Center, School of the Arts, Admissions, and the College of Academic Deans.
- The Office of Alumni Relations co-sponsored an alumni reception with the School of Arts on January 16, 2020, in Montgomery. The reception attracted 100 or more attendees who are music educators in the state of Alabama.



University of
NORTH ALABAMA

FOUNDATION

Development

- Sent performance summaries for all endowed funds
- Hosted scholarship luncheon for donor/ recipient interaction
- Hosted Scott Kelly for the Distinguished Event Series
- Development team has been making regional visits in Alabama, Georgia, Mississippi, and Tennessee
- Completed 3/5 Giving Days:
 - Leo and Una Giving Day – November 18th
 - \$27,965.50 Raised
 - 141 Donors
 - 144 Gifts
 - Founders' Day Giving Day – January 13th
 - \$32,903.50 Raised
 - 69 Donors
 - 77 Gifts
 - UNA Giving Day – March 10th
 - Athletics Giving Day – May 19th
 - College Specific Giving Day – July 21st
- Dollars Raised as of 02/25/2020 * 40% of Fiscal Year Elapsed
 - Total Dollars Raised: \$2,786,687.26 59% of Goal
 - Annual Giving
 - \$874,851.07 202% of Goal
 - Athletics
 - \$307,203.10 64% of Goal
 - Planned Giving
 - \$1,395,000.00

*We are challenging ourselves to raise \$4,762,062.00 without including committed planned gifts, however, they will be included in the fundraising totals at the end of the FY.



Financial Services

- An audit of the University of North Alabama Foundation's financial statements for the fiscal year ending September 30, 2019 has been completed by CDPA, PC. The auditors stated that

"In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of North Alabama Foundation as of September 30, 2019, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America."

The auditors will also complete IRS Form 990 for the Foundation.

- Accountant Mallory Taylor left the Office of Advancement in November 2019 to relocate back to Georgia. Mallory was an exceptional employee and implemented many efficient and time saving processes during her time with us. In January 2020, Michele Aycock filled the open position. Michele comes to the office of Advancement with 16 years of nonprofit accounting experience. She filled the role of Financial Director with the YMCA of the Shoals prior to joining our team. We look forward to continuing to advance efficiencies and to serve our constituents to our upmost ability.
- The financial software utilized by the Financial Services staff was recently upgraded to a cloud-based program that includes many more options to increase the speed of data entry, provide more customized reports and the utilization of dashboards to communicate data.
- The Financial Services area completed the calculation of scholarships, program funds, professorships and Eminent Scholar awards available beginning in the fall of 2020 from our endowments and other restricted funds.




Marketing and Communications

As the Office of University Communications and Marketing, or UCM, continues to expand the University of North Alabama brand throughout the state and region, we also endeavor to be active participants with departments across campus in order to distribute and market programmatic and other information that will continue to build enrollment.

Since our last meeting, UCM has:

- Worked toward an extensive re-design of the *UNA Magazine*, which will extend the publication date to June. Issues will reflect changes on campus and incorporate news from each of the Colleges.
- Implemented a calendarized social media schedule so as to target specific audiences with messaging across our channels, covering news as well as current events on campus in a timely and engaging way.
- Engaged with the College of Business to publish its strategic report; the project involved writing and design, and it highlights some of the notable programs, faculty, and goals taking place throughout the College.
- Executed a new marketing strategy for the annual UNA Distinguished Events Series that featured Capt. Scott Kelly, who is also an astronaut. Attendance, engagement, and coverage of the event was among the best for this event.
- Engaged with several departments across campus, including the College of Education and Human Sciences, the Honors College, and the Department of Sociology, to implement online marketing campaigns targeting specific audiences in a variety of geographic areas throughout the region.
- Managed the implementation of a Speaker's Bureau in order to engage with outside entities through the use of expert sources on campus. Individuals from UNA's faculty and staff have been encouraged to participate.
- Continued to work toward an overall market analysis with our partners, Tatum Design, of Birmingham. The results will dictate future marketing efforts to demographics across the region.
- Continued to work alongside media outlets of all types – local, regional, and national – in order to further the messaging and branding of the University to the broadest base of constituencies.

GonserGerber Advancement
LLP Consultants



**Campaign Readiness Study:
Planning Update**

Jason McNeal, Ph.D.
Partner
March 13, 2020

1

Introduction of Gonser Gerber LLP

- Pioneered the comprehensive advancement approach practiced in American higher education today
- Individually-crafted relationships™
- Advancement Counsel, Search, and Institute for higher education, healthcare, and schools
- Served hundreds of higher education institutions resulting in billions of dollars raised.
- Assisted UNA with at least 2 campaigns

GonserGerber Advancement
LLP Consultants

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Overview

1. Campaign Readiness Study Overview & Timeline
2. What The Board Can Expect
3. Questions

GonserGerber Advancement
LLP Consultants

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Campaign Readiness Study Overview

UNIVERSITY OF NORTH ALABAMA FOUNDATION CAMPAIGN READINESS STUDY		
Element	Title	Fundamental Question Answered
I	Internal Program Assessment	Is the Foundation internally prepared to successfully implement a campaign?
II	External Market Assessment	To what degree and in what ways are external constituents committed to UNA and supportive of the campaign priorities being proposed?
III	Report and Recommendations	What must the Foundation do to enhance the likelihood of a successful campaign?
IV	Proposed Campaign Plans	What are the steps necessary to implement an effective campaign plan?

GonserGerber Advancement
LLP Consultants

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Study Timeline

- October – December 2019
 - University's Strategic Plan approved
 - Foundation's programs assessment begins
- January – March 2020
 - Polishing of campaign priorities to test
- April – July 2020
 - External market assessment
- August – September 2020
 - Final report prepared
 - Campaign approved
- October 2020
 - Campaign begins

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Campaign Readiness Study

1. **Provides answers to research questions**
 - As we move into the next campaign, how might our best donors and prospects respond?
2. **Educates and engages your top prospects**
 - Interviewees will be more knowledgeable and should feel closer to UNA after participating.
3. **Offers recommendations to strengthen the organization**
 - Mission, Vision, Leadership, Preliminary Case, Campaign & Priorities

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Campaign Readiness Study Interview

1. Interviewing top donor prospects
2. Invited by the VP and staff
3. Confidential; 1 hour
4. 20+ question protocol
5. Uses the Preliminary Case Statement for cultivation and testing
6. Not a solicitation of the interviewee

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What The Board Can Expect

- Answers to preparedness and feasibility of campaign as tested;
- Guidance on how best to move forward with decision-making;
- Initial campaign plans and timelines based on the study and our experience;
- Clarity around your roles and responsibilities

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A Final Thought

"No institution will be better
than its Board"

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Consultants

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Questions?

Thank You

Jason McNeal, Ph.D.

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www.gonsergerber.com

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University of North Alabama Foundation, Inc.

Unrestricted Operating Budget vs. Actual (unaudited)

Fiscal YTD January 31, 2020

	Actual	Fiscal Year Budget	Over (Under) Budget
Prior Year's Budget Surplus	143,150.00	143,150.00	
Unrestricted Income			
1% Fee on Endowed Funds	-	305,000.00	(305,000.00)
2% Fee on Current Use Funds	14,686.37	66,000.00	(51,313.63)
1830 Fund-Phonathon/Direct Appeals	96,856.76	200,000.00	(103,143.24)
Derby Day	2,500.00	105,000.00	(102,500.00)
Interest Income	21,390.82	55,000.00	(33,609.18)
Other Unrestricted Funds/Bequests	-	-	-
Total Unrestricted Income	135,433.95	731,000.00	(595,566.05)
Unrestricted Expenses			
Fundraising/Cultivation Activities	93,430.80	305,300.00	(211,869.20)
Foundation Operating Expenses	36,379.18	173,850.00	(137,470.82)
Program/President Support	18,036.02	395,000.00	(376,963.98)
Total Unrestricted Expenses	147,846.00	874,150.00	(726,304.00)
Net Income and Surplus	130,737.95	-	130,737.95

The Foundation's fiscal year starts October 1 and ends September 30

University of North Alabama Foundation
Statement of Financial Position (unaudited)
As of January 31, 2020

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,423,282.18
Certificates of Deposit	2,550,782.75
Pledges Receivable	1,315,975.91
Interest Receivable	15,098.29
Total Current Assets	<u>5,305,139.13</u>

Long-Term Investments

Restricted Assets for Long-Term Investment	511,042.00
Investments	31,695,411.24
Total Long-Term Investments	<u>32,206,453.24</u>

Fixed Assets, Net	<u>98,650.00</u>
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Total Assets	<u><u>\$ 37,610,242.37</u></u>
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Liabilities and Net Assets

Liabilities

Accounts Payable	\$ 213,479.71
Annuity Obligations	241,945.80
Total Liabilities	<u>455,425.51</u>

Net Assets	<u>37,154,816.86</u>
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Total Liabilities and Net Assets	<u><u>\$ 37,610,242.37</u></u>
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University of North Alabama Foundation

Financial Report

September 30, 2019



University of North Alabama Foundation
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September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
University of North Alabama Foundation
Florence, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the University of North Alabama Foundation (the Foundation), a non-profit organization, which comprise the statement of financial position as of September 30, 2019, the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, collectively, the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of North Alabama Foundation as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities

As discussed in Note 1, the University of North Alabama Foundation adopted the provisions of ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities, as of and for the year ended September 30, 2019. The requirements of ASU 2016-14 have been retrospectively applied to all periods presented. Our opinion is not modified with respect to this matter.

CDPA, PC

Florence, AL
February 13, 2020

University of North Alabama Foundation
Statement of Financial Position
September 30, 2019

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,491,343
Pledges Receivable – Current	759,172
Certificate of Deposits	2,554,061
Interest Receivable	<u>15,098</u>

Total Current Assets 4,819,674

Long-Term Investments

Restricted Certificates of Deposit for Long Term Investments	511,042
Investments	<u>29,743,818</u>

Total Long-Term Investments 30,254,860

Fixed Assets

Donated Artifacts and Collectibles	98,650
Furniture and Equipment	<u>24,364</u>
	123,014
Less: Accumulated Depreciation	<u>(24,364)</u>

Total Fixed Assets 98,650

Other Assets

Cash Surrender Value of Life Insurance	167,524
Pledges Receivable – Non-Current	<u>762,161</u>

Total Other Assets 929,685

Total Assets \$ 36,102,869

The accompanying notes are an integral part of these financial statements.

University of North Alabama Foundation
Statement of Financial Position
September 30, 2019

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 733,229
Obligations to Beneficiaries under Split-Interest Agreements – Current	<u>31,199</u>
Total Current Liabilities	<u>764,428</u>

Non-Current Liabilities

Obligations to Beneficiaries under Split-Interest Agreements – Non-Current	<u>211,338</u>
Total Non-Current Liabilities	<u>211,338</u>

Total Liabilities	<u>975,766</u>
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Net Assets

Without Donor Restrictions

Board Designated for Specific Purposes	70,000
Undesignated	<u>1,845,180</u>
Total Without Donor Restrictions	<u>1,915,180</u>

With Donor Restrictions	<u>33,211,923</u>
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Total Net Assets	<u>35,127,103</u>
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Total Liabilities and Net Assets	<u>\$ 36,102,869</u>
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The accompanying notes are an integral part of these financial statements.

University of North Alabama Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
<u>Revenue and Support:</u>			
Contributions	\$ 159,351	\$ 2,656,969	\$ 2,816,320
In-Kind Donations	1,127,816	69,420	1,197,236
Other Income	99,306	148,896	248,202
Transfers	275,040	(275,040)	-
Net Assets Released from Restrictions	<u>4,469,942</u>	<u>(4,469,942)</u>	<u>-</u>
Total Support and Revenue	<u>6,131,455</u>	<u>(1,869,697)</u>	<u>4,261,758</u>
 <u>Expenses:</u>			
Program Services	4,501,877	-	4,501,877
Management and General	1,720,155	-	1,720,155
Fundraising Expenses	<u>382,497</u>	<u>-</u>	<u>382,497</u>
Total Expenses	<u>6,604,529</u>	<u>-</u>	<u>6,604,529</u>
Change in Net Assets from Operating	<u>(473,074)</u>	<u>(1,869,697)</u>	<u>(2,342,771)</u>
 Nonoperating Activities			
Interest Income	89,309	69,370	158,679
Investment Return	<u>-</u>	<u>(1,253,329)</u>	<u>(1,253,329)</u>
Change in Net Assets from Nonoperating	<u>89,309</u>	<u>(1,183,959)</u>	<u>(1,094,650)</u>
Change in Net Assets	<u>(383,765)</u>	<u>(3,053,656)</u>	<u>(3,437,421)</u>
Net Assets at Beginning of Year	<u>2,298,945</u>	<u>36,265,579</u>	<u>38,564,524</u>
Net Assets at End of Year	<u>\$ 1,915,180</u>	<u>\$ 33,211,923</u>	<u>\$ 35,127,103</u>

The accompanying notes are an integral part of these financial statements.

University of North Alabama Foundation
Statement of Cash Flows
For the Years Ended September 30, 2019

Cash Flows from Operating Activities:

Change in Net Assets	\$ (3,437,421)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Realized and Unrealized Gain on Investments	1,550,107
Bad Debt Expense	49,978
Change in Pledge Receivables	333,348
Change in Other Assets	(82)
Change in Accounts Payable	439,456
Change in Actuarial Obligations Under Split-Interest Agreements	(3,695)
Restricted Contributions to Endowment	<u>(2,656,969)</u>
Net Cash From Operating Activities	<u>(3,725,278)</u>

Cash Flows from Investing Activities:

Purchase of Investments	(28,574,896)
Change in Cash Surrender Value	16,035
Proceeds from Investments	<u>29,503,893</u>
Net Cash From Investing Activities	<u>945,032</u>

Cash Flows from Financing Activities:

Payments of Obligations Under Split-Interest Agreements	(31,199)
Contributions to Endowment	<u>2,656,969</u>
Net Cash From Financing Activities	<u>2,625,770</u>

Net Decrease in Cash	(154,476)
Cash at Beginning of Year	<u>1,645,819</u>
Cash at End of Year	<u>\$ 1,491,343</u>

The accompanying notes are an integral part of these financial statements.

University of North Alabama Foundation

Notes to the Financial Statements

September 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of North Alabama Foundation (the Foundation) was established to provide support for the private fundraising efforts of the University of North Alabama (the University) and to manage privately donated funds. The Foundation is a nonprofit corporation organized in accordance with the laws of the State of Alabama and governed by a volunteer Board of Directors (Board). The Foundation is a component unit of the University.

The private fundraising efforts of the University and the Foundation result in the Foundation receiving contributions for the benefit of the University. Contributions are either available to be used currently or restricted as an endowment to be invested in perpetuity and provide support from investment returns for student scholarships, faculty and research support, other operational support, and for facilities and equipment. Fundraising efforts also result in the creation of charitable trusts and gift annuities. When the trusts and annuities mature, the remainder interests are available for the designated purposes as current-use or endowment gifts. The Foundation is the trustee for substantially all of the charitable remainder trusts. The Foundation also receives unrestricted contributions that can be used for Foundation activities. The Foundation devotes all its income and profits, after paying its expenses, for the benefit of the University.

Contributions may be received in cash, marketable securities, real property, tangible personal property, gifts-in-kind, life insurance policies, and various deferred giving vehicles. Contributions received in forms other than cash, except gifts-in-kind and life insurance policies, are generally liquidated. The proceeds, together with cash gifts, are placed in investment pools or other investments consistent with the purpose of the gift or the requirements of the trust agreement. The Foundation employs investment professionals to manage its investment pools and certain trust investments.

The Foundation provides financial support for the University's private fundraising efforts, maintains donor records, issues reports to donors, and provides certain direct University support at the request of the University.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

University of North Alabama Foundation

Notes to the Financial Statements

September 30, 2019

Accordingly, the net assets of the Foundation and changes therein are classified as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. During the year ended September 30, 2019, the Board of Directors has voted to designate \$70,000 for renovations and technology upgrades.
- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Net assets released from restrictions represent expenses incurred during the year that satisfy the restricted purpose. Of the restricted balances at September 30, 2019, \$22,011,017 is restricted for scholarship purposes while \$11,200,906 is restricted for instructional and program support services.

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The composition of net assets released from restrictions for the year ended September 30, 2019 is as follows:

	<u>With Donor Restrictions</u>
Program Services	\$ 3,344,256
Instruction	496,755
Scholarships	<u>628,931</u>
Total	<u>\$ 4,469,942</u>

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. All financial transactions have been recorded and reported as either without donor restrictions or with donor restrictions based on the existence or absence of donor imposed restrictions.

Change in Accounting Principle – Financial Statement Presentation

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*, which made targeted changes to the not-for-profit financial reporting model. Under the new standard, the existing three-category classification of net assets are replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called “net assets with donor restrictions.” New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The standard also imposed several new requirements related to reporting expenses,

University of North Alabama Foundation

Notes to the Financial Statements

September 30, 2019

including providing information about expenses by their natural classification. The Foundation implemented ASU 2016-14 in fiscal year 2019 and has adjusted the presentation of these financial statements accordingly.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

Pledges receivable are stated net of an allowance for doubtful accounts. The Foundation estimates the allowance based on an analysis of specific donors, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. The allowance for doubtful accounts for pledges receivable was \$56,850 at September 30, 2019.

Fixed Assets

Furniture and Equipment is recorded at cost to the Foundation or, if donated, at estimated fair value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. In the absence of donor-imposed restrictions on the use of donated asset, the Foundation has adopted a policy of reporting these donations as unrestricted support. The cost of property, plant, and equipment in excess of \$5,000 is capitalized. Additions, improvements or expenditures for repairs and maintenance that significantly add to the productivity or extend the economic life of the assets are capitalized. At the time items are retired or sold, the applicable cost and accumulated depreciation are removed from the accounts and the difference, net of proceeds, is charged or credited to operations. Expenses for repairs and maintenance are charged to operations as incurred. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets ranging from three to twenty years.

Donated artifacts and collectibles are recorded at cost if purchased or, if donated, at estimated fair value at the time of donation. The Foundation does not recognize depreciation on artifacts and collectibles. In addition, the Foundation utilizes certain facilities owned by the University. Such facilities are not recorded on the books of the Foundation.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions that are restricted by the donor are

University of North Alabama Foundation

Notes to the Financial Statements

September 30, 2019

reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivables is provided based upon management's judgment.

Income Taxes

The Foundation is exempt from paying tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for federal or state income taxes.

Uncertain Tax Positions

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation had no unrelated business activities that are subject to taxes. The Foundation's federal Exempt Organization Business Income Tax Returns for 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Cash Surrender Value

Cash surrender value of life insurance is reported at surrender value as September 30, 2019. Changes in cash surrender value of life insurance policies are reported as other income on the Statement of Activities and Changes in Net Assets.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which was the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At September 30, 2019, the Foundation had \$4,819,674 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$1,491,343, certificates of deposit of \$2,554,061, pledges receivable of \$759,172, and interest receivable of \$15,098.

University of North Alabama Foundation
Notes to the Financial Statements
September 30, 2019

NOTE 3 – CASH AND CERTIFICATES OF DEPOSITS

The Foundation considers all time deposits, certificates of deposit and highly liquid instruments with an initial maturity of three months or less to be cash equivalents, except for investments purchased with endowment assets, which are classified as long-term investments. The Foundation maintains its cash balances with two financial institutions. At September 30, 2019, the Foundation's cash balance exceeds FDIC insurable limits by \$1,040,304.

The Foundation has received certain donations that are required to be maintained in certificates of deposit with a certain bank. These certificates of deposit are associated with long term donations and are therefore considered restricted. At September 30, 2019, these certificates of deposit with donor restrictions totaled \$511,042 and exceeded FDIC insurable limits by \$261,042. The Foundation also has certificate of deposits without donor restrictions with a certain bank.

At September 30, 2019, these certificates of deposit totaled \$2,554,061 and exceeded FDIC insurable limits by \$2,304,061.

NOTE 4 – INVESTMENTS

The Foundation's endowment consists of approximately 280 individual funds established for the purposes of scholarships and overall support of the University, including instructional and athletic support. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has received various donations to establish permanent endowment funds to provide scholarships for University of North Alabama students and the terms of the donations require these funds to be segregated from other Foundation funds.

University of North Alabama Foundation

Notes to the Financial Statements

September 30, 2019

Investment Reporting

Security transactions are recorded on a trade date basis. Interest is recorded as earned and dividends are recorded as of the ex-dividend date. Investment income includes interest and dividends; realized/unrealized gains and losses are reported as fair value increase and decrease. Investment income attributable to amounts held for the benefit of the University is reported in net assets with donor restrictions. When the activities occur, the amounts are transferred from net assets with donor restrictions to net assets without donor restrictions and the disbursements are reported as decreases in net assets without donor restrictions. Investment income attributable to amounts held for the benefit of the Foundation is reported in net assets without donor restrictions.

Investment Return Objective Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Performance goals have been established to provide a basis upon which to judge the effectiveness of the investment objective and those responsible for implementing investment decisions on a day-to-day basis. Investment managers will be judged over a cycle of three to five years.

Spending Policy

It is the policy of the Foundation to annually distribute, at least 3-5% of the average market value of the Foundation's investments (at the end of the calendar year) over a rolling three-year period. It shall be the responsibility of the Foundation's Investment Committee to periodically review the spending policy against actual returns in order to make adjustments necessary.

Income available for spending is determined by a total return system. The amount to be spent in the coming year is calculated and is reviewed and approved by the Foundation Executive Committee and Investment Committee.

The income that may be spent, as determined in this paragraph, may be drawn from both ordinary income earned (i.e. dividends, interest, etc.) and appreciation, both earned and unearned. All income and appreciation not needed to meet spending needs is reinvested in the investment pool.

University of North Alabama Foundation

Notes to the Financial Statements

September 30, 2019

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration due to unfavorable market fluctuations. When this is the case, any such deficiencies are monitored for future results. At September 30, 2019, there were \$530,329 in deficiencies included in net assets with donor restrictions related to investment losses on endowments. Of the investments associated with these deficiencies, the aggregate original gift amounts were \$3,507,617, while the aggregate fair value amounts are \$2,977,288.

Changes in endowment net assets as of September 30, 2019, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets – 10/1/2018	\$ 30,971,498
Contributions, net	1,068,534
Investment income	(1,253,329)
Amounts appropriated for expenditure	(868,915)
Transfer	<u>(56,597)</u>
Endowment net assets – 9/30/2019	<u>\$ 29,861,191</u>

For the year ending September 30, 2019, investment management fees and investment income activity fees were \$48,952 and \$1,283, respectively.

Remainder Trusts and Gift Annuities

Remainder trust agreement assets are managed on an individual account basis in a diversified portfolio designed to reduce payment volatility, consider tax implications and maximize the value of each gift. Gift annuity assets are managed as a pool.

Investments by Group

	<u>General Investment Pool</u>	<u>Remainder Trusts and Gift Annuities</u>	<u>Total</u>
Cash & Withdrawals	\$ (70,262)	\$ 62	\$ (70,200)
Marketable Mutual Funds	27,363,375	389,467	27,752,842
Limited Partnerships	<u>2,061,176</u>	<u>-</u>	<u>2,061,176</u>
Total Investments	<u>\$ 29,354,289</u>	<u>\$ 389,529</u>	<u>\$ 29,743,818</u>

University of North Alabama Foundation
Notes to the Financial Statements
September 30, 2019

NOTE 5 – FAIR VALUE MEASUREMENTS

Investment Valuation

Investments are reported at estimated fair value as determined by the Foundation, based upon a fair value hierarchy that prioritizes the input techniques used to measure fair value. The Foundation has elected to adopt early Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The ASU removed the requirement to categorize by level within the fair value hierarchy all investments with fair value measured using net asset value as a practical expedient and removed all other disclosure requirements.

The hierarchy gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data;
- Level 3: Significant unobservable inputs for assets or liabilities.

A financial instrument's level within this fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement. All transfers between fair value hierarchy levels are recognized at the beginning of each reporting period. The fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk.

In determining the reasonableness of the fair value measurement methodology, management, with the oversight of the Investment Committee, evaluates a variety of factors including review of existing contracts, economic conditions, and industry and market developments. Certain unobservable inputs are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

Level 1 investments are typically investments in debt and equity marketable securities but may also include money market funds, certificates of deposit, and other highly liquid investments with maturities of 90 days or less with high credit quality entities. All level 1 investments are reported at fair value.

For any level 3 investments, fair value would be determined by the Foundation to be best estimated by giving consideration to any factors which might necessitate an adjustment such as initial and ongoing due diligence monitoring, significant market or portfolio changes, and assumptions of a new hypothetical market participant. The Foundation does not have any level 3 investments.

University of North Alabama Foundation
Notes to the Financial Statements
September 30, 2019

The following table set forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of September 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>At NAV</u>	<u>Total</u>
Certificates of Deposit	\$ 3,065,103	\$ -	\$ -	\$ -	\$ 3,065,103
Cash Withdrawals	(70,200)	-	-	-	(70,200)
Mutual Funds:					
SEI Extended Mkt Index-A	574,030	-	-	-	574,030
SEI Large Cap Fund	4,835,564	-	-	-	4,835,564
SEI S&P 500 Idx-A	4,757,693	-	-	-	4,757,693
SEI Small Cap II Fund-A	594,493	-	-	-	594,493
SEI Core Fixed Income Fund	7,009,506	-	-	-	7,009,506
SEI High Yield Bond Fund	2,383,608	-	-	-	2,383,608
SEI Global MGD Volatility FD	1,231,082	-	-	-	1,231,082
SEI World Equity Ex-Us Fund	5,394,018	-	-	-	5,394,018
SEI SIIT Real Return A	583,382	-	-	-	583,382
First Eagle Global Fund	274,866	-	-	-	274,866
Tortoise MLP & Pipeline	114,600	-	-	-	114,600
Total Mutual Funds	27,752,842	-	-	-	27,752,842
Limited Partnerships:					
Core Property	-	-	-	534,000	534,000
Opportunistic	-	-	-	97,690	97,690
Real Assets	-	-	-	616,916	616,916
Private Equity	-	-	-	812,570	812,570
Total Limited Partnerships	-	-	-	2,061,176	2,061,176
	<u>\$ 30,747,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,061,176</u>	<u>\$ 32,808,921</u>

The following table provides information related to the previously mentioned investments that are valued based on Net Asset Values (NAV):

	<u>Fair Value at</u>	<u>Unfunded</u>	<u>Redemption</u>	<u>Redemption</u>
	<u>September 30,</u>	<u>Commitments at</u>	<u>Frequency</u>	<u>Notice</u>
	<u>2019</u>	<u>September 30,</u>		<u>Period</u>
		<u>2019</u>		
Core Property (a)	\$ 534,000	\$ -	Quarterly	90 Days
Opportunistic (f)	97,690	81,830	Annual	90 Days
Real Assets (g)	616,916	440,000	Annual	90 Days
Private Equity (h)	812,570	400,000	Annual	90 Days
Total	<u>\$ 2,061,176</u>	<u>\$ 921,830</u>		

University of North Alabama Foundation
Notes to the Financial Statements
September 30, 2019

- a) *Core Property* – This category generally consists the collective investment of assets of participating tax qualified pension and profit sharing plans and relates trusts, and governmental plans (or the assets of a governmental unit used to satisfy its obligations under a governmental plan).
- b) *Opportunistic*– This category may include any strategy that offers exceptional risk/reward opportunities. This category is designed to provide the Investment Committee with the flexibility to select investments for a relatively small part of an overall allocation, which may not fit into the other designed allocation categories.
- c) *Real Assets* – This category will generally consist of managers that invest in a diverse basket of tangible assets with built-in inflation protection characteristics. These investments will primarily be long-only.
- d) *Private Equity* – This category consists of partnerships that invest primarily in U.S. based private companies. These investments cannot be voluntarily redeemed and are subject to sale based on market demand.

NOTE 6 – PLEDGE RECEIVABLES

Pledge receivables, which are unconditional promises to give, are recorded as receivables and revenue when received. The Foundation distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows. For pledges, the discount rates used to determine present values are based on U.S. Treasury note rates for comparable maturities at the date of the pledge. These average to approximately 1.2%.

Total pledge receivables, net of an allowance for uncollectible pledges and discounted to present value at September 30, 2019, are as follows:

	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Total</u>
Pledges			
Gross	\$ 759,172	\$ 858,206	\$ 1,617,378
Discount	-	(39,195)	(39,195)
Allowance	<u>-</u>	<u>(56,850)</u>	<u>(56,850)</u>
Total Pledges	<u>\$ 759,172</u>	<u>\$ 762,161</u>	<u>\$ 1,521,333</u>

University of North Alabama Foundation
Notes to the Financial Statements
September 30, 2019

NOTE 7 – FIXED ASSETS

Fixed assets consisted of the following at September 30, 2019:

Donated artifacts and collectibles	\$ 98,650
Furniture and equipment	<u>24,364</u>
	123,014
Less accumulated depreciation	<u>(24,364)</u>
Total Fixed Assets	<u>\$ 98,650</u>

Depreciation expense for the year ending September 30, 2019 was \$0.

NOTE 8 –OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

The Foundation has entered into irrevocable charitable gift annuity agreements with donors whereby in exchange for the gift from the donor, the Foundation is obligated to provide an annuity to the donor or other designated beneficiaries for a specific number of years.

The Foundation has also entered into charitable remainder annuity and unitrust agreements whereby assets are made available on the condition that income is paid periodically to designated individuals. Payments of such amounts terminate at a time specified in the agreements. Remainder trust obligations are an actuarially determined liability which represents the present value of estimated future payments to beneficiaries, taking into consideration their life expectancy and discounted at applicable interest rates.

A liability is recognized for the estimated present value of the both the gift annuities and the remainder trusts and the assets are recorded at their gross market value for agreements where the Foundation is the trustee. The discount rate and actuarial assumptions used in calculating the split-interest obligation are those provided in American Council on Gift Annuity guidelines and actuarial tables. The annuity payments are a general obligation of the Foundation.

Assets of the Foundation that are derived from gift annuities and charitable remainder trusts are included in investments on the statement of financial position. The values of these at September 30, 2019 are as follows:

	Gift Annuities <u>Assets</u>	Total <u>Assets</u>
Cash & Withdrawals	\$ 62	\$ 62
Mutual Funds	<u>389,467</u>	<u>389,467</u>
	<u>\$ 389,529</u>	<u>\$ 389,529</u>

University of North Alabama Foundation

Notes to the Financial Statements

September 30, 2019

Changes in obligations under the gift annuity and remainder trust contracts at September 30, 2019, were as follows:

	Gift Annuities <u>Liabilities</u>	Total Split- Interest <u>Liabilities</u>
Total Obligation at September 30, 2018	\$ 277,431	\$ 277,431
Obligation on New Gifts	-	-
Payments to Beneficiaries	(31,199)	(31,199)
Actuarial Value Changes	<u>(3,695)</u>	<u>(3,695)</u>
Total Obligation at September 30, 2019	<u>\$ 242,537</u>	<u>\$ 242,537</u>
Current Portion	\$ 31,199	\$ 31,199
Non-Current Portion	<u>211,338</u>	<u>211,338</u>
	<u>\$ 242,537</u>	<u>\$ 242,537</u>

NOTE 9 - RELATED PARTY

University Support

The University of North Alabama Foundation exists to assist the University. Due to the nature of this relationship, there are numerous transactions between the two entities and their representatives for program services, instruction, and scholarship purposes. During the year ended September 30, 2019, the Foundation expensed \$4,501,877 in support of the University's programs and scholarships. At September 30, 2019, pledge receivables from University Board of Trustees/Foundation Board of Directors were \$237,400. The Foundation has payables to the University of \$505,336.

Personnel Costs and Facilities

The Foundation uses office space owned by the University without paying rent for the facilities. The value of the donated facilities was \$25,185 for the year ending September 30, 2019. Furthermore, the Foundation employees are paid by the University. The salaries and benefits for the year ending September 30, 2019 were \$1,036,391. Supplies paid by the University for the Foundation totaled \$51,218 for the year ending September 30, 2019.

Funds Held for Others

The Foundation has an affiliation agreement with the University of North Alabama Sportsman's Club. The Sportsman Club has transferred funds to the Foundation for recordkeeping purposes. These funds are pooled together with the Foundations funds and the Foundation records a liability for such funds. As of September 30, 2019, the liability associated with such funds was \$150,425.

University of North Alabama Foundation
Notes to the Financial Statements
September 30, 2019

NOTE 10 – FUNCTIONAL EXPENSES

Certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort, and usage of assets. For 2019 natural expense accounts were allocated as follows:

Year Ending September 30, 2019					
	Program				
	Services	Supporting Services			
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Supporting Subtotal</u>	<u>Total</u>
Scholarships Awarded	\$ 628,931	\$ -	\$ -	\$ -	\$ 628,931
Eminent Scholars Support	135,664	-	-	-	135,664
Academic Program Support	361,091	-	-	-	361,091
Alumni Program Support	123,473	-	-	-	123,473
Annuities	(1,795)	-	-	-	(1,795)
Athletic Department Support	589,306	-	-	-	589,306
Student and Faculty Support	140,445	-	-	-	140,445
Other Program Support	2,524,762	-	-	-	2,524,762
Contract Services - Other	-	47,646	-	47,646	47,646
Supplies	-	9,679	-	9,679	9,679
Postage	-	11,571	-	11,571	11,571
Legal & Accounting	-	18,850	-	18,850	18,850
Printing & Copying	-	9,239	-	9,239	9,239
Membership Dues	-	4,186	-	4,186	4,186
Advertising	-	3,650	-	3,650	3,650
Donations & Sponsorships	-	7,900	-	7,900	7,900
Special Events	-	-	32,336	32,336	32,336
Software & Maintenance	-	48,175	7,000	55,175	55,175
Insurance	-	12,841	-	12,841	12,841
Fees	-	11,976	-	11,976	11,976
Travel, Lodging, & Meals	-	2,879	25,522	28,401	28,401
Staff Development	-	21,352	1,250	22,602	22,602
Donor Appreciation	-	11,450	94	11,544	11,544
Banquets & Meals	-	13,372	-	13,372	13,372
In-Kind Expense	-	812,111	316,295	1,128,406	1,128,406
General Program Support	-	673,278	-	673,278	673,278
Total	\$4,501,877	\$1,720,155	\$382,497	\$2,102,652	\$6,604,529

University of North Alabama Foundation
Notes to the Financial Statements
September 30, 2019

NOTE 11 – RECENTLY ISSUED ACCOUNTING STANDARDS

Adopted

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This ASU intends to make certain improvements to the current reporting requirements for not-for-profit entities. This standard sets forth changes to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The Foundation adopted ASU 2016-14 in its financial statements effective September 30, 2019, applying retrospectively to all periods presented. The impact of adoption changes the classification of net assets on the consolidated balance sheets and statements of activities and changes in net assets from three classes of net assets to two classes of net assets. The Foundation also added disclosure for the liquidity and availability of financial assets at the balance sheet date to meet cash needs for general expenditures within one year and disaggregated functional expense classifications by their natural expense classification. The impact of adopting ASU 2016-14 had no impact to total unrestricted revenues, excess of revenues over expenses or total net assets.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Foundation adopted ASU 2018-08 in its financial statements effective September 30, 2019. The impact of adopting ASU 2018-08 had no impact to total unrestricted revenues, excess of revenues over expenses or total net assets.

Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB ASC Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The ASU is effective for all business entities for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the impact of this guidance.

University of North Alabama Foundation
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September 30, 2019

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Liabilities* (ASU 2016-01). ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The ASU is effective for not-for-profit entities for fiscal years beginning after December 15, 2018, with early adoption restricted to certain provisions and within certain time periods. Under the ASU, not-for-profit and private entities are no longer required to disclose fair value information concerning financial instruments measured at amortized cost such as long-term debt. This provision of ASU 2016-01 may be early adopted for financial statements, which have not yet been issued or made available for issuance. The Foundation is currently evaluating the impact of this guidance.



Effective Date:	3/15/19
Last Revised:	none
Next Review:	March 2020

Gift Acceptance Policy

Table of Contents

- I. Purpose of Policy
- II. Authority to Accept Gifts
- III. Gift Types
- IV. Policies Related to Donor-Imposed Restrictions on Gifts
- V. Unique Issues Related to Certain Types of Donors
- VI. Policies Related to Avoidance of Giving Legal and/or Tax Advice to Donors

I. Purpose of Policy

This policy governs the acceptance of gifts to the University of North Alabama Foundation (the Foundation).

- A. This Policy has been adopted by the UNA Foundation Board of Directors to describe and guide the outright and planned giving programs of the Foundation and applies to funds raised on behalf of the University. All fundraising and development activities of the University shall be conducted subject to this Policy and coordinated with the University's Advancement Office.
- B. It is the policy of the University to encourage donors to direct gifts to the UNA Foundation, rather than directly to the University, except for gifts of real property or gifts of tangible personal property that will be used by the University in a manner related to carrying out its purposes.
- C. The Vice President of Advancement, who also serves as Executive Director of the UNA Foundation, oversees the acceptance and administration of gifts to the Foundation.
- D. A gift made to the Foundation must be irrevocable.
- E. Several sections of this Policy may apply to the same gift. For example, an endowment gift may be of closely held company stock and for a restricted purpose proposed by the donor; therefore, the sections of this Policy which apply to categories of gifts (closely held stock),

classification of gifts by expendability (endowment) and donor-imposed restrictions on gifts will have to be complied with before the gift can be accepted.

The Foundation will not accept a gift subject to a contingency that, if met, would require the Foundation to distribute the gift to a specified person or other entity.

II. Authority to Accept Gifts

- A. The Executive Director of the Foundation, or designee, has authority to accept all gifts on behalf of the Foundation unless otherwise directed by the provisions of this Policy or by the Board of Directors of this Foundation.
- B. The Vice President of Advancement may authorize the acceptance of a gift of Tangible Personal Property that will be used by the University in a way related to carrying out the purpose of the University.

III. Gift Types

A. Cash

Gifts of Cash include currency, bank drafts, credit cards, checks, payroll deductions, wire transfers, and matching gifts. Cash gifts should be accepted and will be processed in accordance with internal procedures provided that any donor restrictions imposed on the gift are otherwise in compliance with this Policy.

- B. **Marketable Securities** (commonly referred to as Publicly Traded Securities) Marketable securities, including primarily stocks, bonds, exchange-traded funds (ETFs), and mutual funds deemed to be readily transferable, should be accepted and will be processed in accordance with internal procedures provided that any donor restrictions imposed on the gift are otherwise in compliance with this Policy. Proposed gifts of stock options, stock appreciation rights and restricted shares must be reviewed on a case-by-case basis prior to acceptance in order to ensure that there are no limitations on subsequent sale by the Foundation.

Marketable securities received as gifts will be sold as soon as reasonably possible after acceptance.

C. Closely-held Businesses

- 1. Closely-held Corporation Stock. Closely-held corporation stock is stock of a corporation that is privately held and not publicly traded.
 - a. Proposed gifts of closely-held stock will be evaluated on a case-by-case basis and must be approved by the Foundation Board of Directors. Such stock includes stock in corporations taxed for income tax purposes as S or C corporations. The Foundation will not accept a gift of closely-held stock under the terms of the gift or an agreement

entered into by the donor placing restrictions or other conditions on the sale or transfer of the stock of the corporation which could require the Foundation to sell the shares at a predetermined price to the corporation that issued the shares, other parties, to make contributions to capital, to honor guarantees for payment of debt of the corporation, to honor pledges of the stock as security of the debt of the corporation, donor or another entity, except in exceptional circumstances.

- b. **Analyzing Gifts of Closely-Held Corporation Stock:** In order to consider such acceptance, the donor will be required to provide certain financial information to the Foundation.
- 2. **Partnership and Limited Liability Company Interests.** Generally, proposed gifts of limited partnership interests and ownership interests in limited liability companies which interests are not publicly traded will be considered for acceptance. On the other hand, general partnership interests and interests in joint ventures will not likely be accepted because of liability concerns. Proposed gifts of the assets will be evaluated on a case-by-case basis before acceptance. In order to consider such acceptance, the donor will be required to provide certain financial information to the Foundation.

D. Cultural and other Tangible Personal Property

Gifts of Tangible Personal Property include art collections, antiques, jewelry, timber, airplanes, medical equipment, boats, and similar property.

1. Criteria for Acceptance:

- a. **Gifts of Tangible Personal Property will not be accepted unless all of the following conditions apply:**
 - i. The gift does not require the Foundation or the University to commit additional expense for the present or future use, repair, preservation, insurance, display, maintenance, or administration of the property.
 - ii. The gift does not commit the Foundation or the University to any financial or other burdensome obligation, either directly or indirectly.
 - iii. There is no expectation, understanding or condition that such gifts will be loaned back to the donor or the donor's designee for life or for extended periods determined by the donor.
 - iv. There is no prohibition on the Foundation or the University selling or otherwise disposing of the Tangible Personal Property.
- b. **Consideration for Specific Items of Tangible Personal Property:**
 - i. **Vehicles.** Gifts of automobiles, boats, all-terrain vehicles, will not be accepted unless exceptional circumstances apply.

E. Life Insurance

There are three ways in which life insurance can be utilized as a charitable gift to the Foundation. Those are by the donor (a) transferring an existing policy to the Foundation as owner/beneficiary (in whole or part), (b) purchasing a new policy with the Foundation as owner and beneficiary (in such instance, care must be taken to make certain the Foundation has an insurable interest under applicable state law), and (c) retaining ownership of a policy and designating the Foundation as a beneficiary or contingent beneficiary of the policy.

1. **Criteria for Acceptance:**

- a. **Whole Life Policies:** Partially Paid-up or fully paid-up policies will be accepted.
 - i. If not fully paid-up, the premium payments to maintain a whole life policy must be provided by cash donations by the donor to the Foundation, which in turn will make the premium payments to the insurance company.
 - ii. There should be no loans, collateral pledges or other encumbrances on the policy at the time of gift.
 - iii. The Foundation will be responsible for coordinating transfer of ownership and administration.
- b. **Term Policies** are not accepted by the UNA Foundation.
- c. **Universal Life and Variable Universal Life Policies:** The UNA Foundation will not accept either Universal Life or Variable Life policies.

2. **Reservation of Right to Surrender Life Insurance Policies:** The Foundation reserves the right to surrender any life insurance policy owned by it prior to the death of the insured without notice to the insured.

F. Qualified Plan and Deferred Compensation Benefits (Retirement Accounts)

1. **Criteria for Acceptance:** The Foundation shall coordinate any such gifts.
- a. **To Occur at Death of Donor:** Death benefits by virtue of Retirement Plan Beneficiary Designations (401(k), IRA, qualified pension plans, profit-sharing plans, etc.). Prospective donors must submit a new beneficiary designation form to the donor's plan administrator in order to make the Foundation beneficiary of such death benefits.
 - b. **For Living Donors – a Charitable IRA rollover or qualified charitable distribution (QCD)** is permitted.

G. Other Types of Gifts

From time to time, gifts of assets not described above may be offered to the Foundation. Such proposed gifts will be evaluated on a case-by-case basis by the Foundation Board of Directors in conjunction with the Vice President of Advancement as to whether such a proposed gift be accepted.

H. Bequest Documentation

1. Foundation representatives will ask the donor for a copy of the portion of the will or revocable trust that contains the terms of the gift in order to ensure that the terms are acceptable and consistent with this Policy.
2. It is in everyone's best interest for an Advancement Gift Officer to review the language affecting the bequest prior to the donor's death to determine the Foundation's ability to accept the commitment.

I. Acceptance of Gifts at Death of Donor

1. Foundation Officers and Employees Prohibited from Serving as Personal Representative: No employee or officer of the Foundation or University may serve as personal representative or successor trustee when the Foundation has an interest in the estate or trust unless the decedent or settler of the trust was an immediate family member (meaning a parent, spouse or child of the employee/officer).
2. Process to be Followed upon Learning of Death of Donor:
 - a. In many cases, the Foundation is not aware of a gift that takes place at the death of the donor under the donor's will or revocable trust until notice is received from the personal representative or trustee. When the Foundation becomes aware of such a gift, the affected individuals and departments will be alerted when the notice is received.
 - b. During the probate of estates and administration of revocable trusts following the death of donors, the Director of Financial & Database Services, in consultation with the Vice President of Advancement, shall represent the Foundation in all dealings with the attorney for and fiduciaries involved with the administration of the estate and/or revocable trust.
 - c. The distributions from the estate or trust may involve various categories of assets (for example, securities, real estate, or personal property) and may involve restrictions on the gifts; the appropriate portions of this Policy should be consulted to determine the acceptability of the gifts and how they should be processed.

When it is unclear whether the donor wished the contribution to be held in either an expendable or endowed fund and the donor's intentions in that regard cannot be inferred from other facts and circumstances, the Vice President of Advancement will have authority to designate.

- d. **Renunciation:** The Foundation may renounce or disclaim gifts that flow through a will or trust upon the death of a donor. Reasons for a renunciation of a gift might include concerns with regard to illiquidity, lack of marketability, holding costs, liability exposure (for example, environmental contamination), and unacceptable restrictions on the gift. It is extremely important that the Vice President of Advancement and the Director of Financial & Database Services be notified as soon as possible of a death which may result in any bequest, devise or distribution from a revocable trust after the death of a donor because there are time deadlines for effectively renouncing certain interests.

J. Other Transactions Policy: Non-deductible Gifts of Goods and Services

Donors may provide goods or services to the Foundation that do not qualify for an income tax charitable deduction. Often these goods or services are received in conjunction with auctions that benefit the Foundation. Examples:

- a. Use of Property of Facilities (for example, hotel rooms, time shares, beach houses, rounds of golf)
- b. Services (for example, massages, facials, dinners at restaurants, lessons of any type, photography services, legal services)
- c. Advertising (for example, newspapers ads, radio or magazines)

K. Life Income Gifts

The Foundation will accept life income gifts, also known as “split interest gifts”, such as Charitable Remainder Trusts or Charitable Lead Trusts. The terms of the gift should not impose a fiduciary duty on the Foundation or its Officers. The Office of Advancement should be consulted whenever a life income gift is considered as a possible gifting option. Distributions from charitable remainder trusts not trustee by the UNA Foundation and distributions from charitable lead trusts will be accepted and processed based on the type of assets distributed and restrictions, if any, applicable to the gift. For example, if the distribution is cash and the purpose of the gift is not restricted, then the distribution will be processed as any other gift of cash.

L. Charitable Gift Annuities (“CGA”)

A charitable gift annuity is established by contract between a donor and a charitable institution. The Office of Advancement is responsible for preparation of the charitable gift annuity agreement. The minimum amount for a gift annuity is \$25,000. The minimum age for the beneficiary is 50.

M. Gifts Involving Reservation of or Granting Life Estates to Individuals

A donor may by deed or will reserve a right to use designated real property for the donor's life or for the life another designated by the donor, but at the end of such life estate, provide that the University or UNA Foundation will own the real property.

1. **Criteria for Acceptance** – The same due diligence process should be followed in determining whether to accept an interest as a remainderman in real property as would be followed for any other gift of real estate – see Section P below. In addition, because the obligations of a life tenant (paying ad valorem taxes, keeping property in good repair, etc.) are substantial and if not met can create significant problems for the remainderman, before accepting a remainder interest in real property, the financial capacity of the life tenant to meet the obligations imposed on the life tenant and the mental/physical capacity of the life tenant to effectively meet these obligations (does the life tenant have a power of attorney in place?) should be considered.
2. **Agreement Setting Forth Responsibilities** – Since the law applicable to life estates varies from state to state and in some cases is less than clear as to the financial responsibility of the life tenant and the remainderman (the "Foundation"), an agreement setting forth the responsibilities of each party must be entered into in which the duties and responsibilities of each party and the remainderman in the state in which the property is located are set forth in detail.

N. Pledges

Unless otherwise agreed in writing, a pledge evidences a good faith intention to make a gift to the Foundation and may be legally binding on the donor.

O. Bargain Sale

The Office of Advancement should be involved in any consideration of any transaction in which the Foundation either purchases an asset from a donor for less than fair market value, accepts property that would require a cash payment by the Foundation, or accepts a gift of property subject to debt, such transactions sometimes being referred to as a bargain sale. Unless otherwise provided, a bargain sale gift must be approved by the Foundation Board of Directors.

P. Real Estate

The Foundation will not accept Real Estate that will create a financial or administrative burden that is not justified by its value to the Foundation. Real Estate includes real property and any improvements located on or related to that property. . The Office of Advancement will coordinate any proposed gift of real estate and no assumptions should be made with regard to whether a proposed gift will be accepted until due diligence is completed.

1. **Criteria for Acceptance** – The Office of Advancement must be consulted to discuss any proposed gift of real estate and no assumptions should be made with regard to whether a proposed gift will be accepted until the proposed gift is processed as set forth below. Such gifts may be outright gifts, bargain sales, installment sales, or part of charitable life-income plan. Since real property can be costly to maintain pending a sale proposed

gifts or devises of real estate will be carefully scrutinized before acceptance. Unless the real property, which is subject of a proposed gift, will be used by the University in a way related to carrying out its purposes, the property will be sold as soon as advantageous. If carrying costs are anticipated with respect to proposed gifts of real property prior to sale, the donor will be expected to bear those costs.

2. Procedures for Processing Gifts of Real Estate – A thorough evaluation of the condition and characteristics of any proposed gift of real property before the gift may be accepted. The Office of Advancement shall coordinate the process. The findings will be presented to the Foundation Budget, Finance and Audit Committee for approval before requesting acceptance by the Foundation Board of Directors. Typically, the donor must provide a copy of the deed evidencing the donor's ownership and copies of all documents evidencing any debt secured by the property, copies of all relevant and available information about the property including evidence of clear title, property tax records for three years immediately prior to the year in which the gift is proposed, any existing title insurance policy and evidence of zoning restrictions; a copy of the most recent appraisal and survey of the property, if available, and information concerning any environmental problems on the property including, if available, the most recent environmental assessment. The following are detailed considerations:
 - a. **Site Evaluation.** Before acceptance, the site must be thoroughly inspected by the Office of Advancement, the University Facilities Administration and Planning Office, if applicable, or by a consultant hired for this purpose. A market assessment may be obtained from a real estate agent familiar with the market in which the property is located.
 - b. **Environmental Assessment.** When appropriate, an outside technical consultant shall be engaged to complete a Phase I Environmental Site Assessment report for each property donated to the University.
 - c. **Inspection.** If the potential real property gift includes any improvements, an inspection may be required to determine the condition of the improvements and to evaluate the utility of the property and related costs.
 - d. **Indebtedness.** Accepting and holding properties subject to a mortgage could result in unrelated business income tax liability for the Foundation among other issues. On a case-by-case basis, the Foundation Board of Directors will consider any proposed gift of real property that is subject to debt of any kind including liens and mortgages.
 - e. **Costs.** The marketability of a property must be considered before a gift is accepted. The cost to hold the property for sale is important in deciding whether to accept a gift. Carrying costs may include property taxes, mortgage payments, maintenance, insurance, and association or membership fees. The donor might be asked to carry all direct expenses related to outright gifts of real estate. Any alternatives shall be discussed with the Office of Advancement. Once the

property has been accepted, but prior to sale, any taxes, insurance, and maintenance fees will either paid out of the income earned by the real estate or the donor will be asked to make a donation to the Foundation to cover such costs.

- f. **Maintenance.** No financial or other burdensome obligation or expenses shall be incurred directly or indirectly with respect to a gift of real property without the approval, in advance, of the Office of Advancement.
 - g. **Appraisal.** The donor should provide a qualified appraisal of the property in compliance with Internal Revenue Service requirements for such appraisals. In some cases, the Foundation may elect to procure an additional appraisal.
 - h. **Title Search.** In order to document clear title to the property a title search will be required, but it may take the form of a limited search in circumstances, for example, to bring the title forward from the date of a title insurance policy that the donor held on the property.
 - i. **Disposition of property.** All gifts of real property will be sold as soon as advantageous unless the real property will be used by the University in a way related to carrying out its purposes. The donor may assist in locating a buyer for the property, but property should not be accepted if the Foundation would be bound by any marketing or sales agreement with any agent or principal, nor should the buyer have signed a binding contract to sell the property prior to the transfer to the Foundation. The Foundation will seek to obtain a fair and reasonable price for the property. The deed will be by way of a special warranty deed, bargain sale deed or quitclaim deed rather than a general warranty deed.
3. **Authority to Accept Gifts of Real Estate.** Only the Foundation Board of Directors has authority to accept gifts of real property on behalf of the Foundation.

IV. Policies Related to Donor-Imposed Restrictions

A. Limitations on Purposes for Which Gifts May be Restricted by a Donor

If a gift is restricted as to the purposes for which it may be used, then it may not have:

- 1. Any unlawful restriction as to use as defined in the *University's Nondiscrimination Policy*.
- 2. Restrictions that permit the donor to designate an individual recipient of a scholarship, award or other gift.
- 3. Restrictions related to future employment of the recipient.

4. Restrictions by the donor concerning terms of repayment or loans to students from the donated funds or their proceeds.
5. Restrictions that allow the donor to derive personal benefit from the gift.

V. Unique Issues Related to Certain Types of Donors

- A. The Foundation will accept gifts from private foundations and donor advised funds, but such gifts cannot be used to satisfy a pledge from a donor.

VI. Policies Related to Avoidance of Giving Legal and/or Tax Advice to Donors

- A. Foundation representatives shall not provide legal and/or tax advice and will advise all prospective donors in writing to seek such advice from their own counsel and professional consultants.



**UNIVERSITY OF NORTH ALABAMA
FOUNDATION BOARD OF DIRECTORS**

2019/2020 MEMBERS BY TERM LIST

Term 2020 (12)	Term 2021 (9)	Term 2022 (10)	Ex Officio (3)	Board of Trustee Representative 2018-2019
(1) Larry Bowser (1) Joe Campbell '77 (2) Weldon Cole '60 (1) Steve Jager '83 (2) Jeffrey Johnson '85 (2) David Marbury (1) Chester McKinney (2) David Muhlendorf (2) Deborah Bell Paseur (2) Uhland Redd (2) Doug Tallman '74 (2) Tom White	(2) Richard Cater '67 (1) Tracy Doughty '97 (2) Chuck Hunt '95 (2) Macke Mauldin (1) Cathy Miller '83 (1) Jim Page '01 (2) Harry Smith '64 (1) Jason Thomas '95 (2) Rusty Trapp	(2) Brad Botes '83 (1) Nelda Cambron-McCabe '69 (2) Sybil Cleveland '84 (1) Melissa Long '79 (1) Derrick Mills '00 (2) Nancy Sanford '78 (1) Graham Sisson '87 (1) Robert Steele '78 (1) Stephanie Teichmiller '84 (2) Lucy Trousdale '89	Ken Kitts Kevin Haslam Evan Thornton '15	*Will Trapp

Emeritus Directors **

William Cale, Jr.
Robert Potts

**Denotes University's Board of Trustees member-one year term only*

*** Emeritus Director does not count in total number of directors*